



Fair Share Contribution 2007 Results to Date

October 2008

Fair Share Contribution (FSC) Test Overview

- Pursuant to Chapter 58, the Division of Health Care Finance and Policy is responsible for setting the standard regarding whether an employer with 11 or more full-time equivalent (FTE) employees made a “fair and reasonable” contribution toward the health costs of its workers.
- The statute requires an employer that does not make a fair and reasonable contribution to pay a per-employee Fair Share Contribution (FSC) of up to \$295 annually.

FSC Test Overview (Continued)

- The regulations in effect for FSC FY 2007 (10/1/06-9/30/07) applied the following two-pronged test to determine whether an employer is liable for the Fair Share Contribution. Employers not meeting the first test can “pass” and avoid the assessment if they meet the second test.
 - **Primary Test:** At least 25% participation by full-time employees in the employer’s group health plan.
 - **Secondary Test:** Employer offers to contribute at least 33% of the premium cost of its health plan to all full-time employees employed more than 90 days.

FSC Test Definitions

- Full-time employees are defined as the lower of the employer's own definition of full-time for benefits or working 35 hours per week
 - Excludes:
 - Independent contractors
 - Seasonal employees (16 or fewer weeks per year)
 - Temporary employees (12 consecutive weeks or fewer)

Employer Fair Share Filing Status

- Employers were required to complete a web application to submit Fair Share data with the Division of Unemployment Assistance by November 15, 2007.
- The Division of Unemployment Assistance notified approximately 61,000 employers of filing requirements based on headcounts from Unemployment Insurance reporting.
- As of September 2008:
 - \$7.7 million of Fair Share liability identified
 - 23,930 employers are subject to the Fair Share test because they have 11 or more full-time equivalent employees
 - 34,539 are not subject to Fair Share test because they have fewer than 11 full-time equivalent employees
 - 1,514 employers have a Fair Share filing that is “in progress”

2007 FSC Test Results*

(FSC Period October 1, 2006 - September 30, 2007)

- Approximately 24,000 employers filed with DUA and were subject to the FSC test because they had 11 or more FTEs.
 - 1,011 firms passed contribution but failed take-up (so pass FSC test)
 - 1,434 firms failed contribution but passed take-up (so pass FSC test)
 - 20,630 firms passed contribution and passed take-up (so pass FSC test)
 - 855 firms failed both the take-up and contribution tests (so fail FSC test)
- Firms that failed the 2007 FSC test:
 - Constitute about 3.6% of all firms with ≥ 11 FTEs
 - Owe approximately \$7.7 million in gross liability

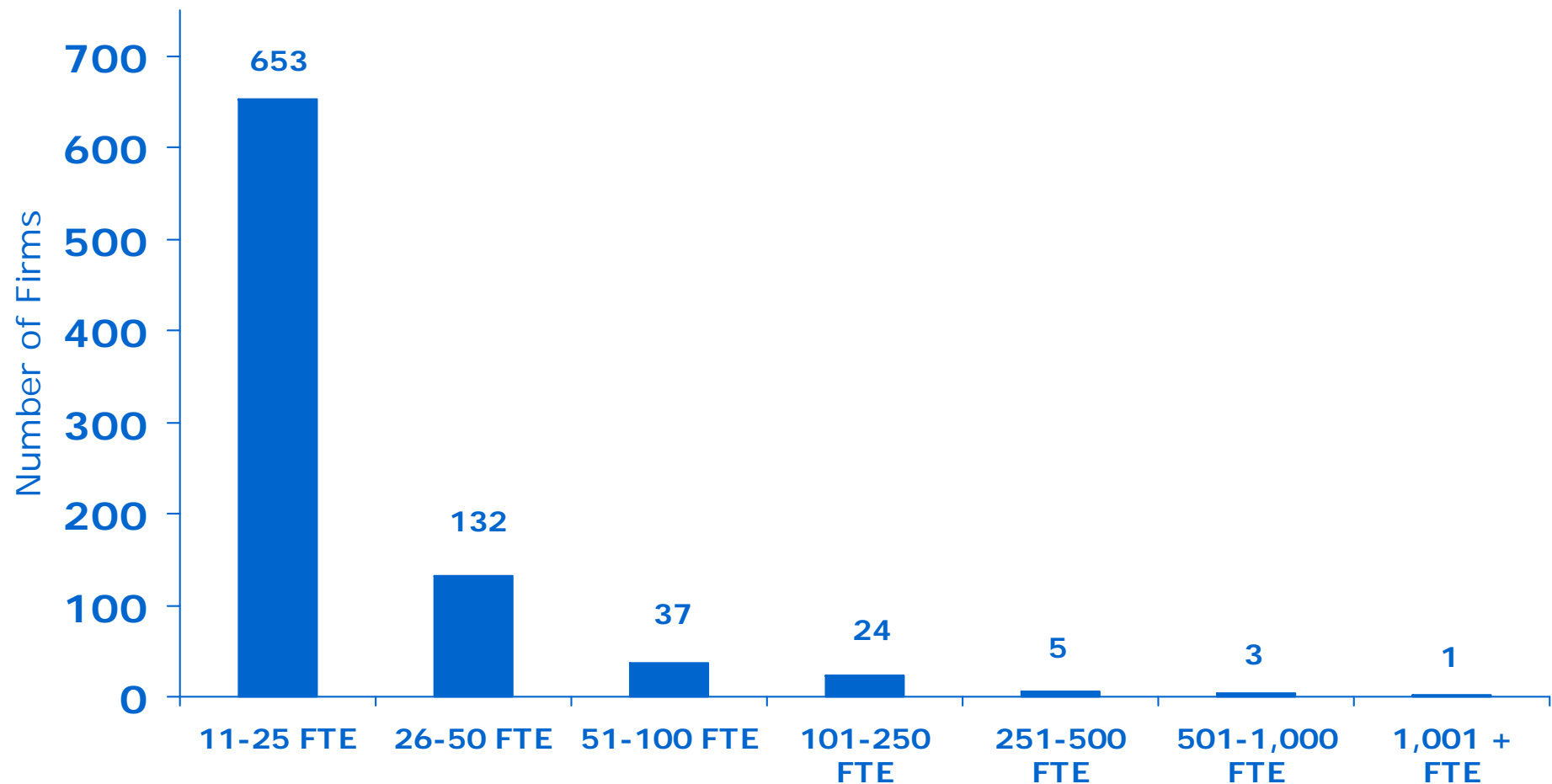
Firm Size (FTE)	11-25	26-50	51-100	101-250	251-500	501-1000	1000+	ALL
# Failing Firms	653	132	37	24	5	3	1	855
% Firms (≥ 11 FTEs) that Fail	5.4%	2.5%	1.2%	1.1%	.7%	.9%	.3%	3.6%
Total Liability (in millions)	\$3.0	\$1.4	\$.78	\$1.1	\$.44	\$.57	\$.42	\$7.7



*All data current through September 2008

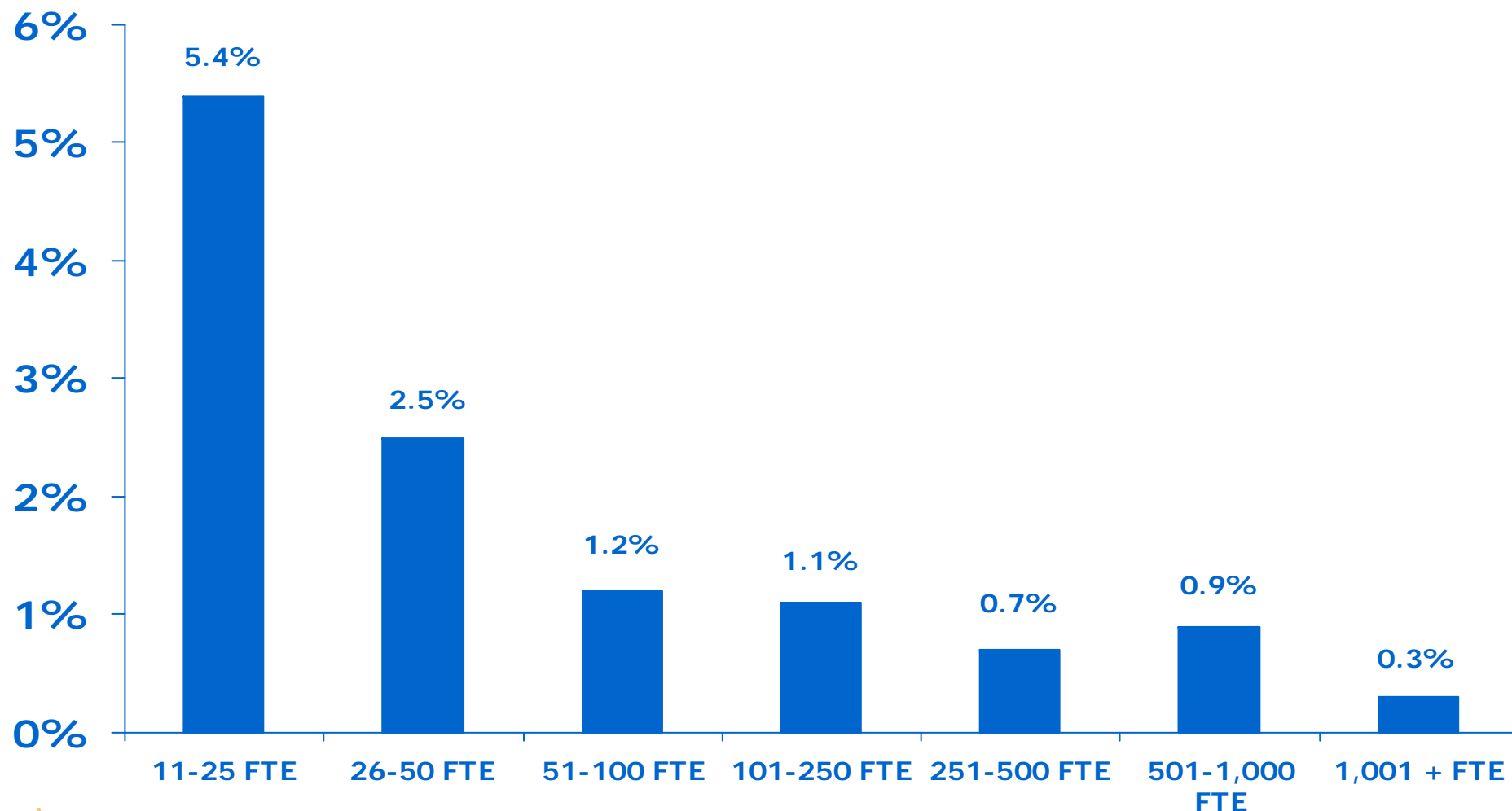
FSC-Failing Firms by Firm Size

(FSC Period October 1, 2006 - September 30, 2007)



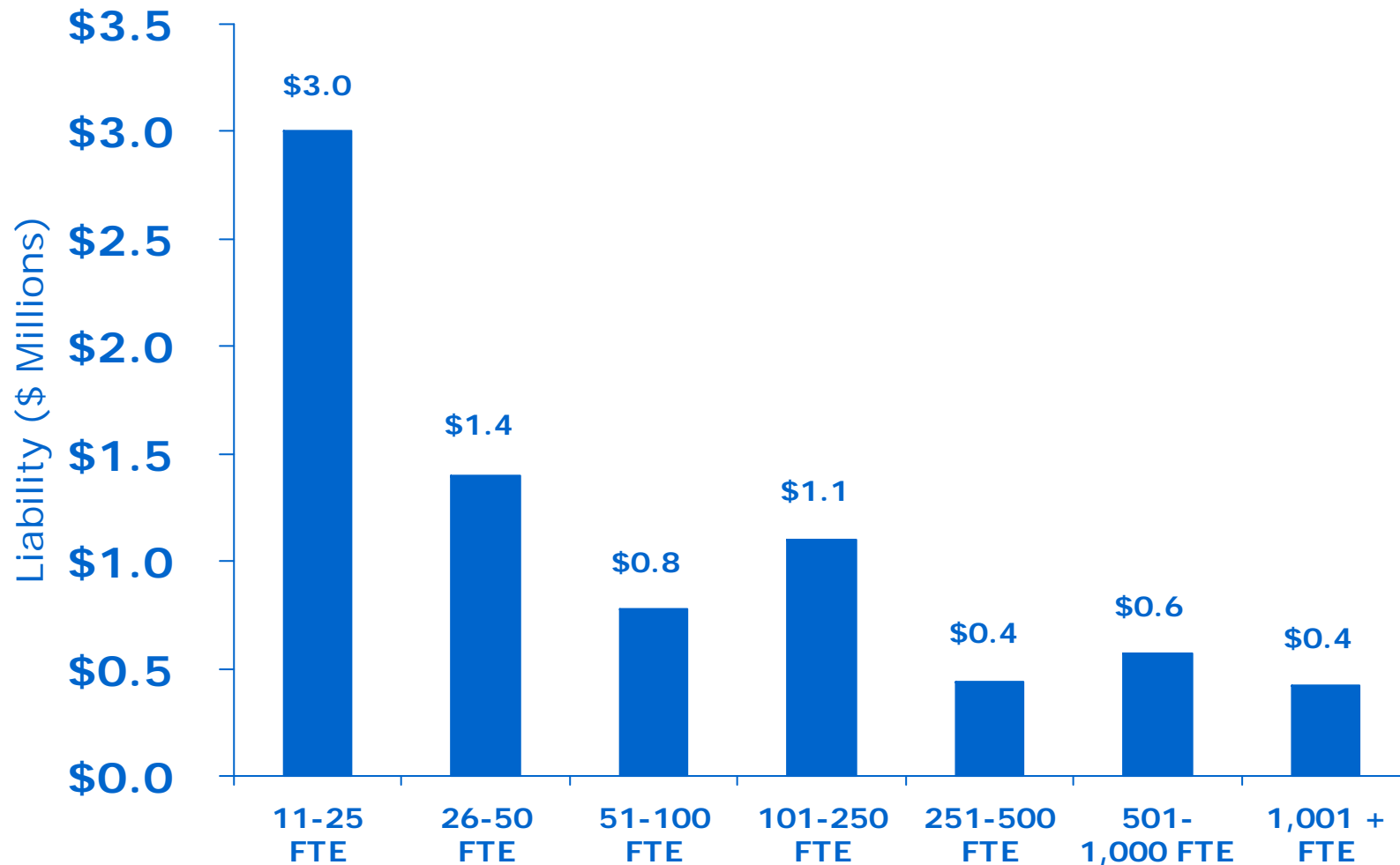
FSC-Failing Firms as Percentage of All Firms in Firm Size Category

(FSC Period October 1, 2006 - September 30, 2007)



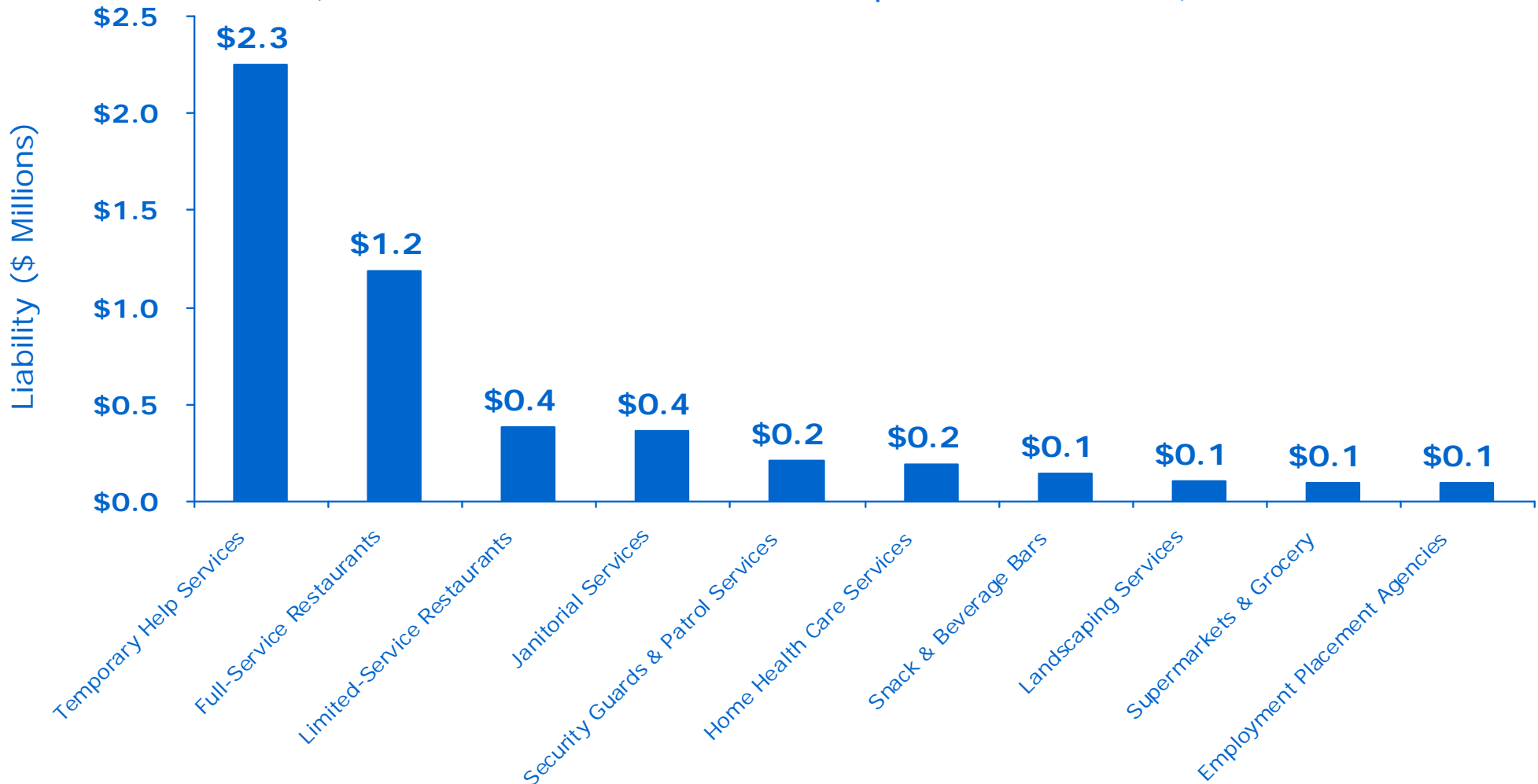
FSC Liability Owed by Firm Size

(FSC Period October 1, 2006 - September 30, 2007)



Top 10 Industries by FSC Liability

(FSC Period October 1, 2006 - September 30, 2007)



Note: Industries based on NAIC codes. For more information, visit:
<http://www.census.gov/epcd/www/naics.html>

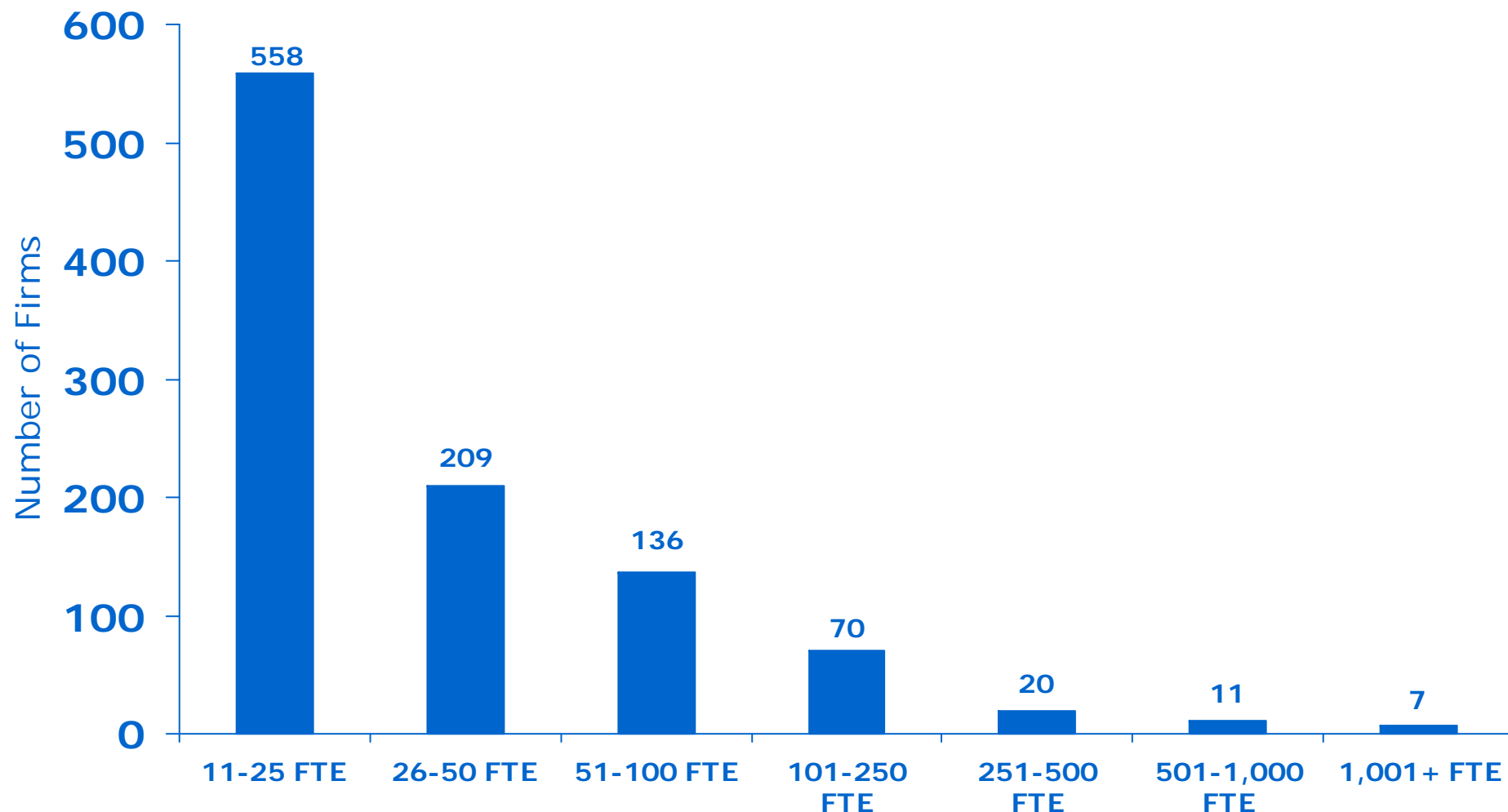


Note: Analysis reflects FSC data as of September 2008.

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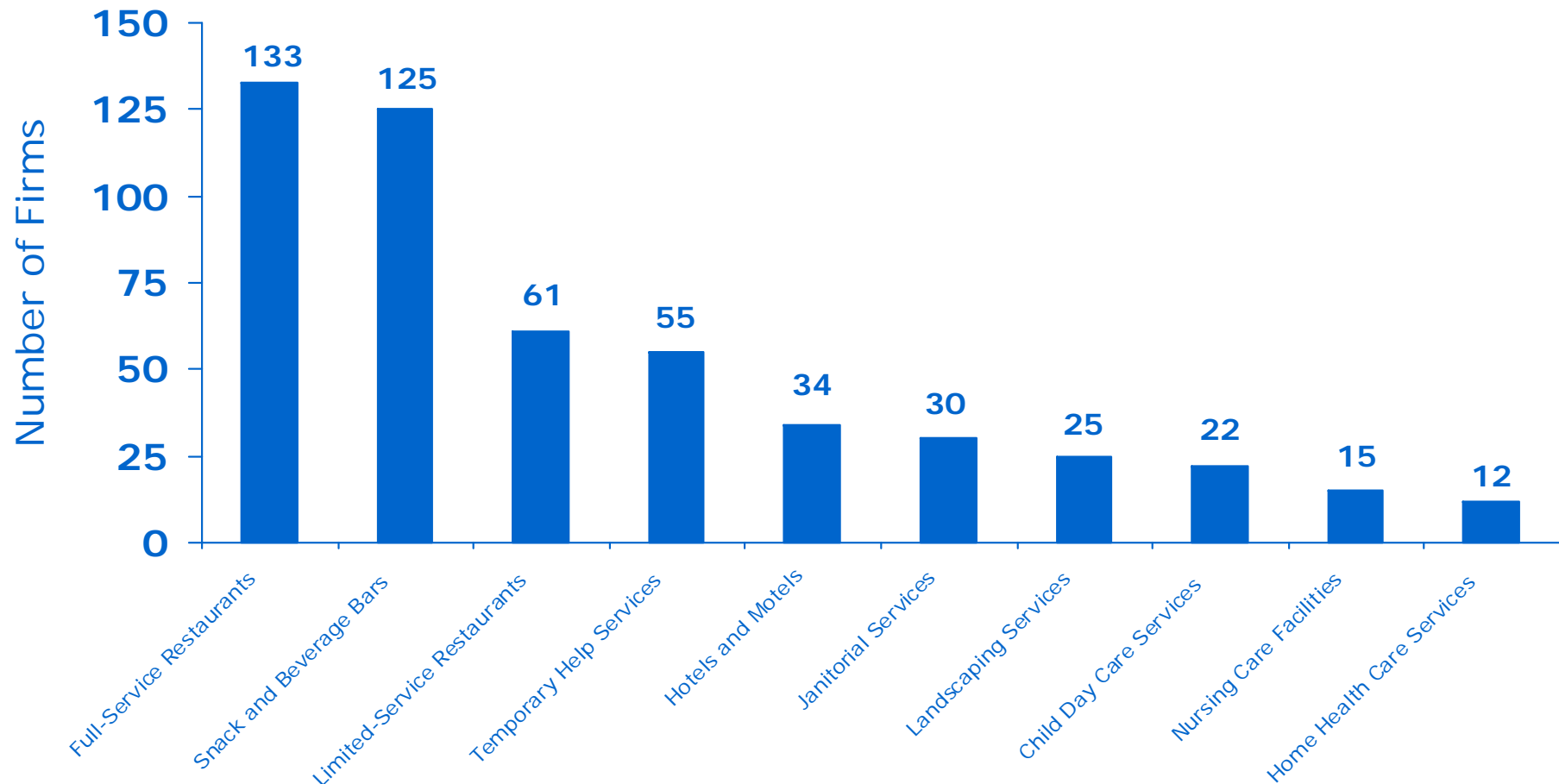
Firms that Pass 33% Contribution but Fail 25% Take-Up by Firm Size (Pass FSC Test)

(FSC Period October 1, 2006 - September 30, 2007)



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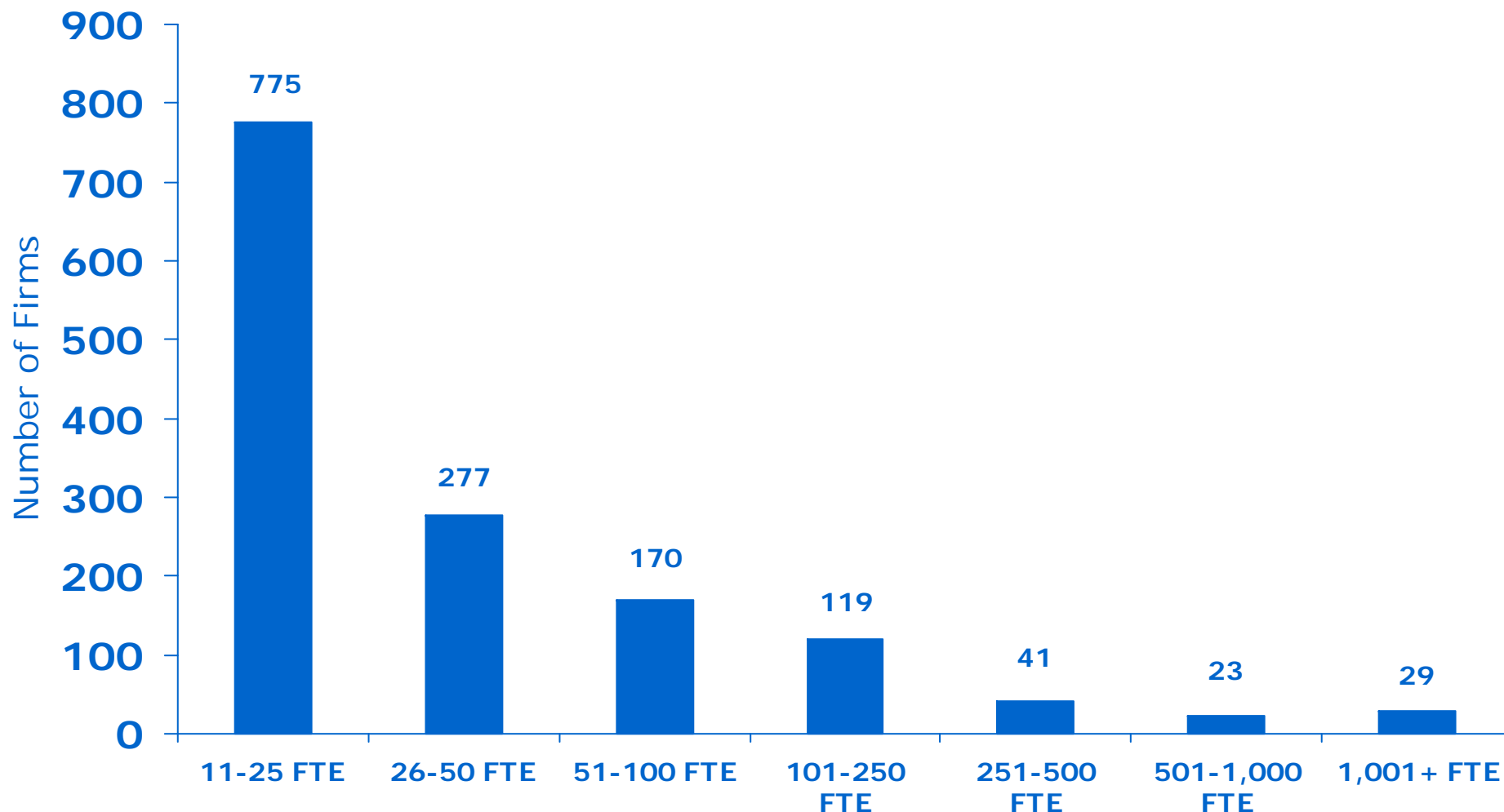


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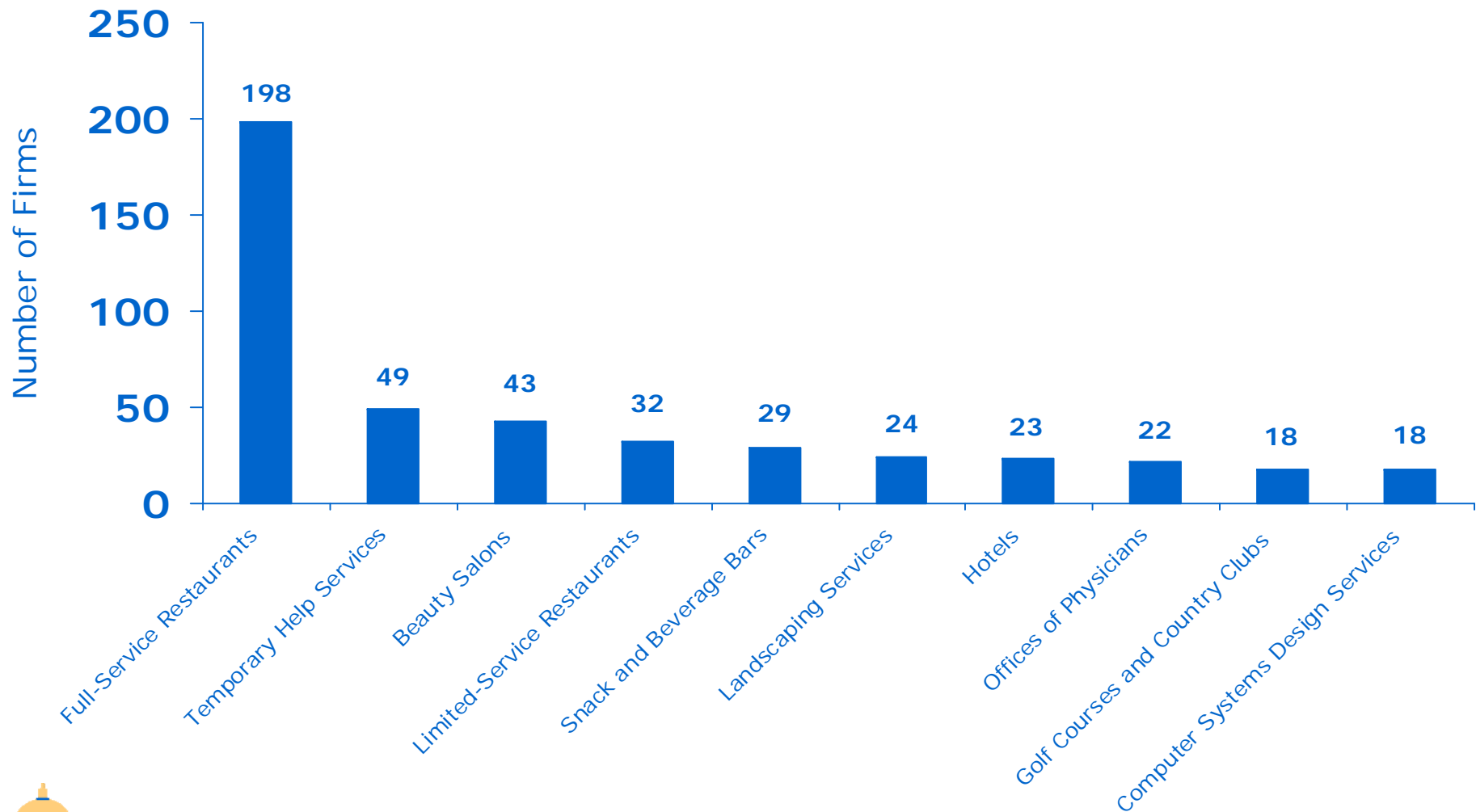
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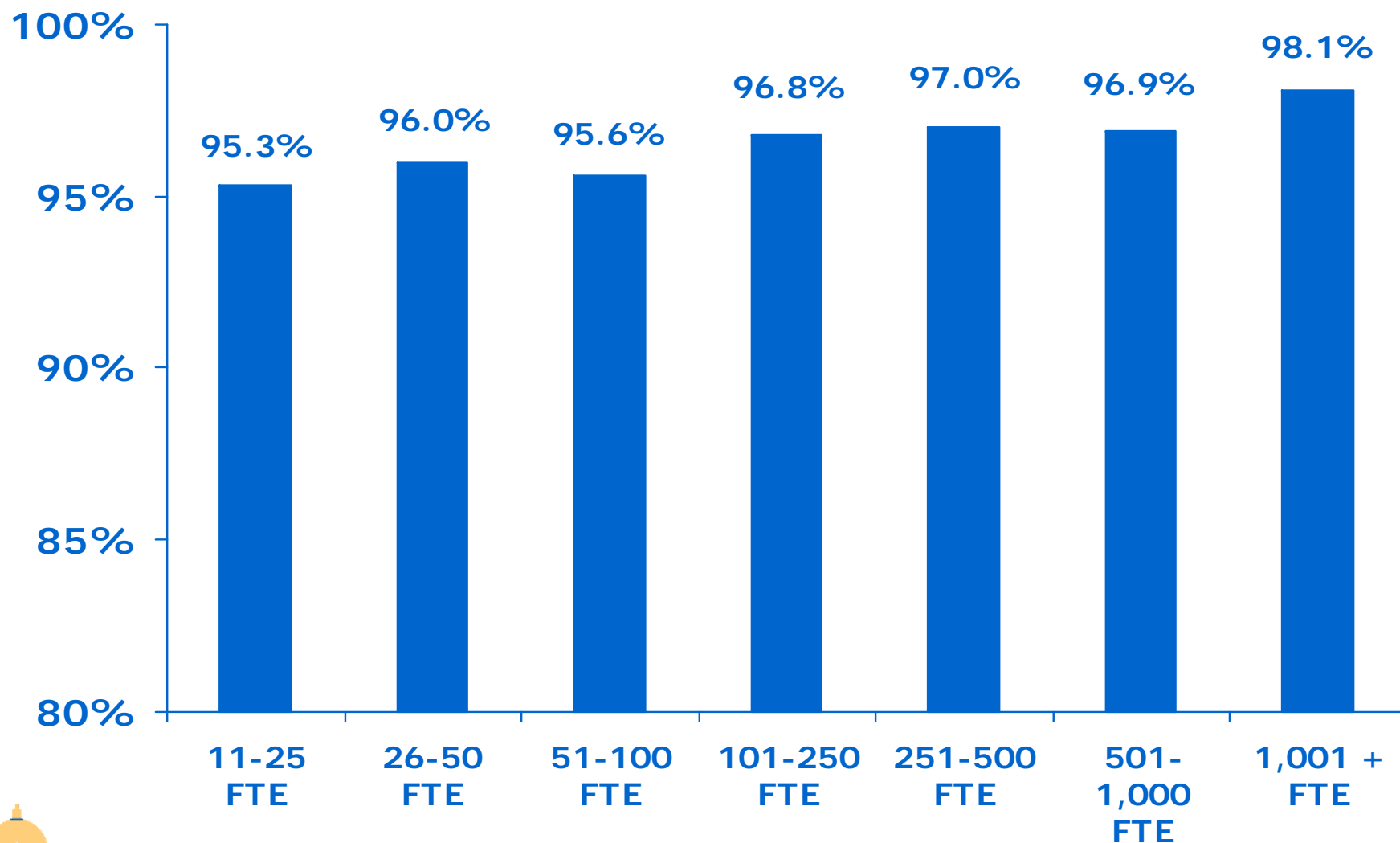
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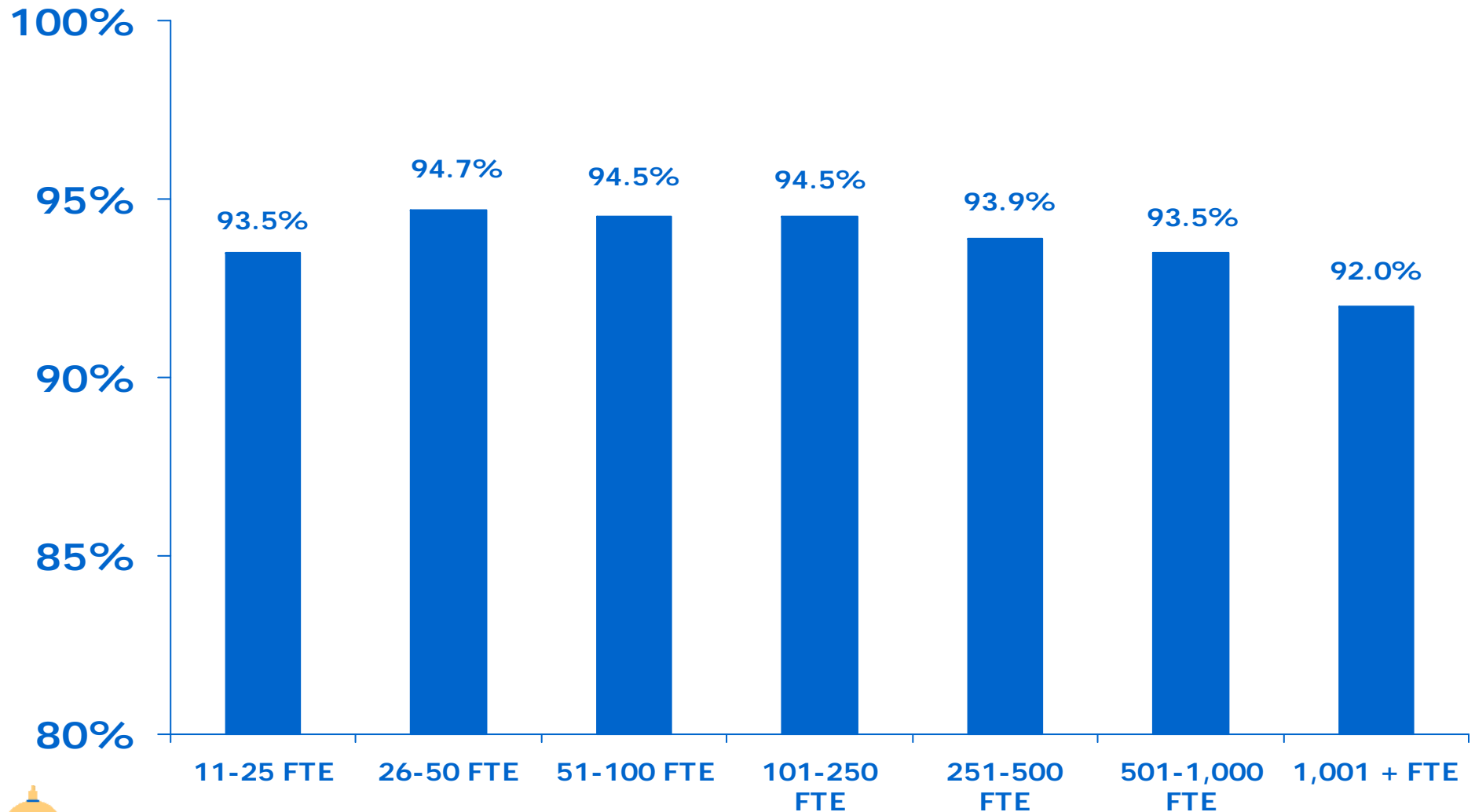
Percent of Firms That Pass 25% Take-Up by Firm Size

(FSC Period October 1, 2006 - September 30, 2007)



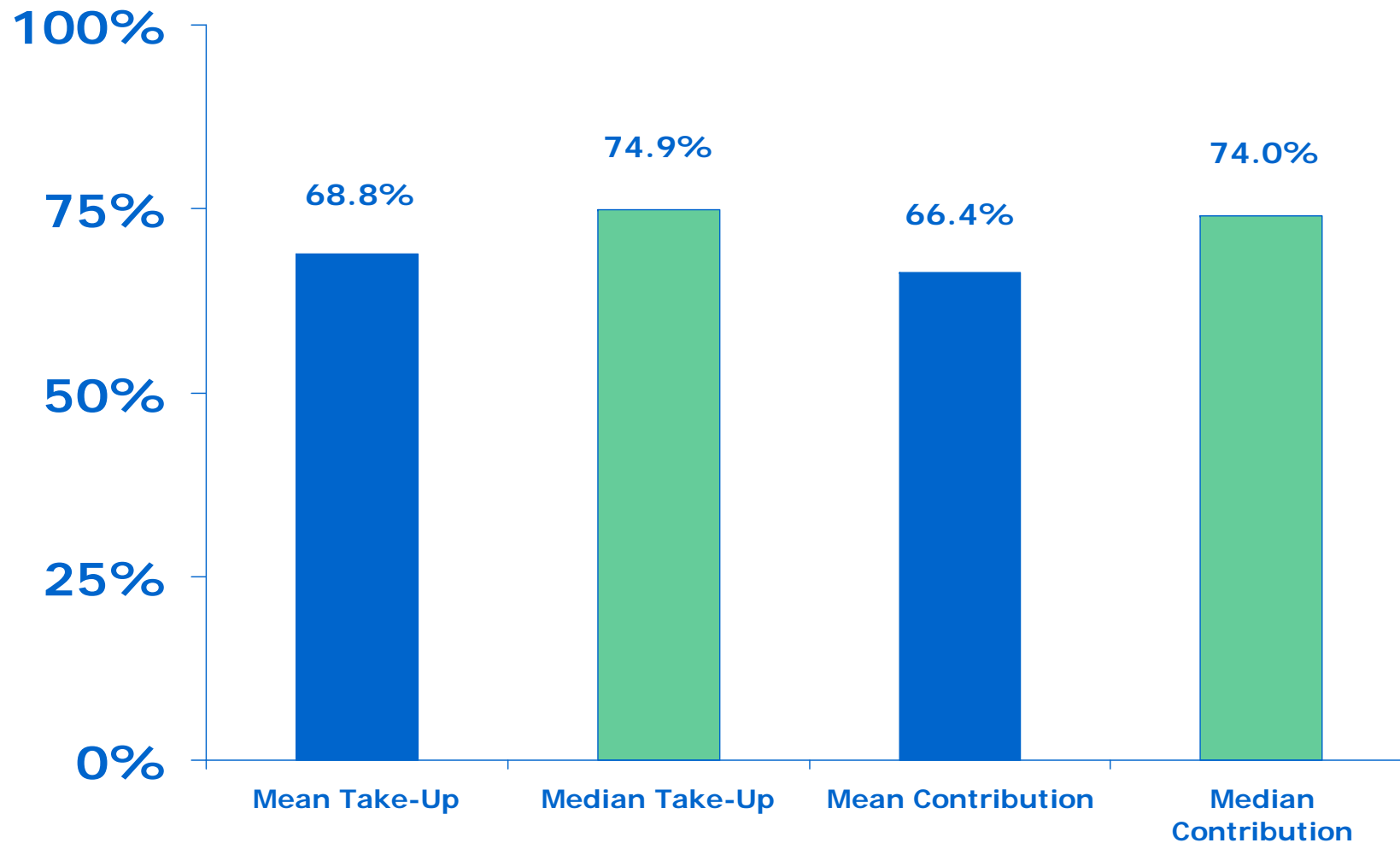
Percent of Firms that Pass 33% Contribution Test by Firm Size

(FSC Period October 1, 2006 - September 30, 2007)



Overall Mean and Median Take-Up and Contribution Rates*

(FSC Period October 1, 2006 - September 30, 2007)



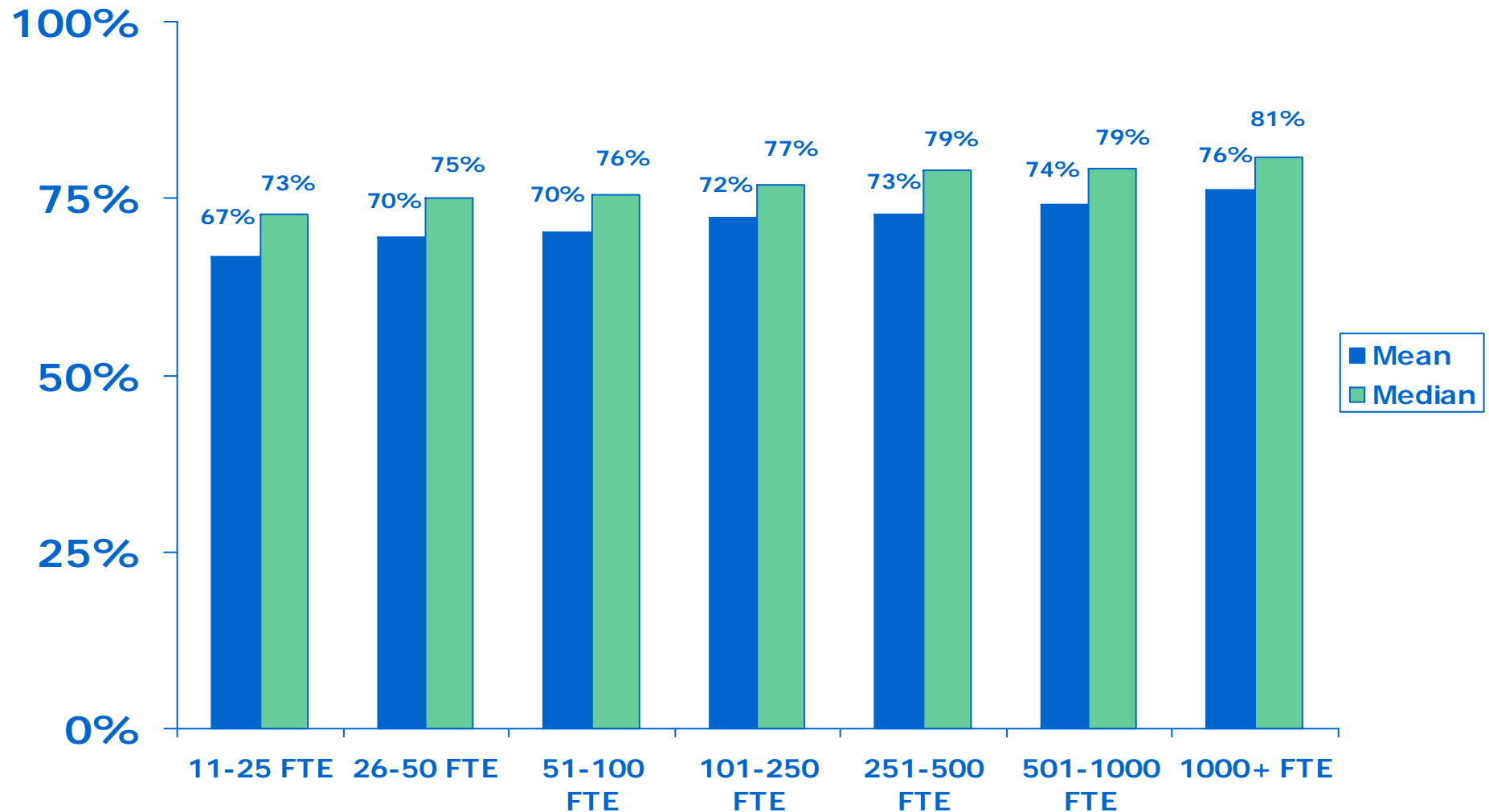
* Per FSC questions, meaning contribution rates are for ALL full-time employees that have been employed for at least 90 days.

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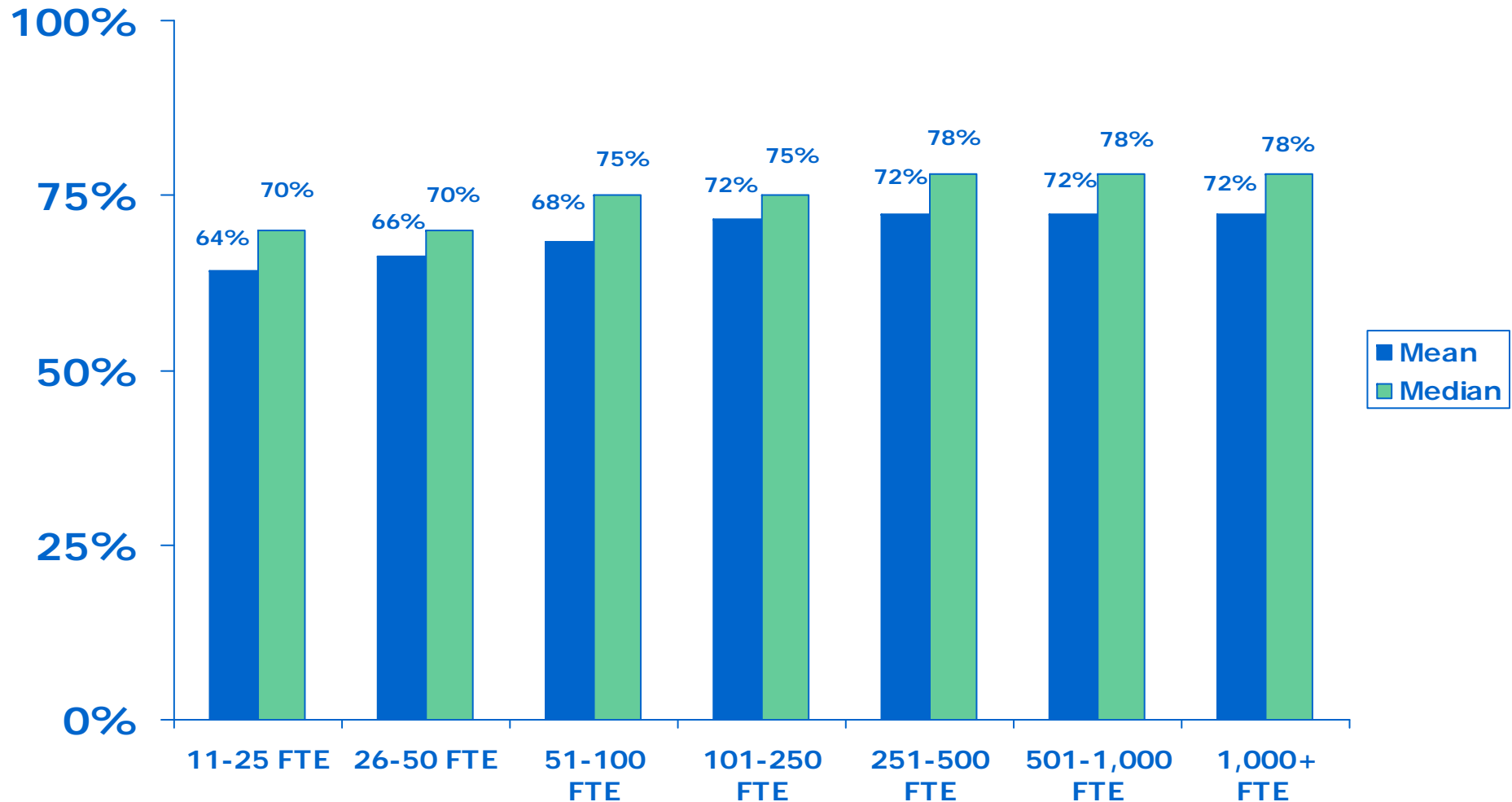
Mean and Median Take-Up Rates by Firm Size Category

(FSC Period October 1, 2006 - September 30, 2007)



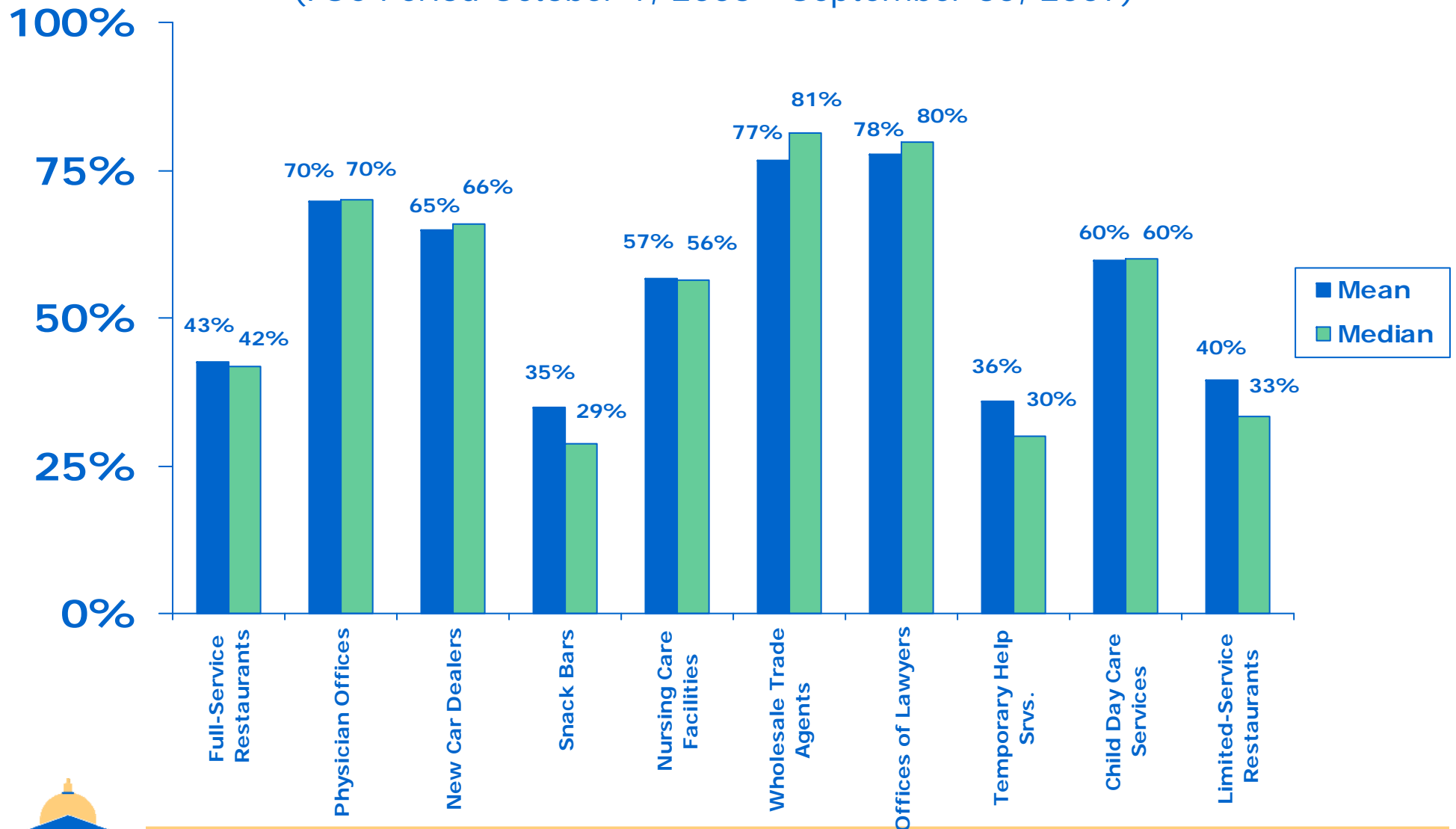
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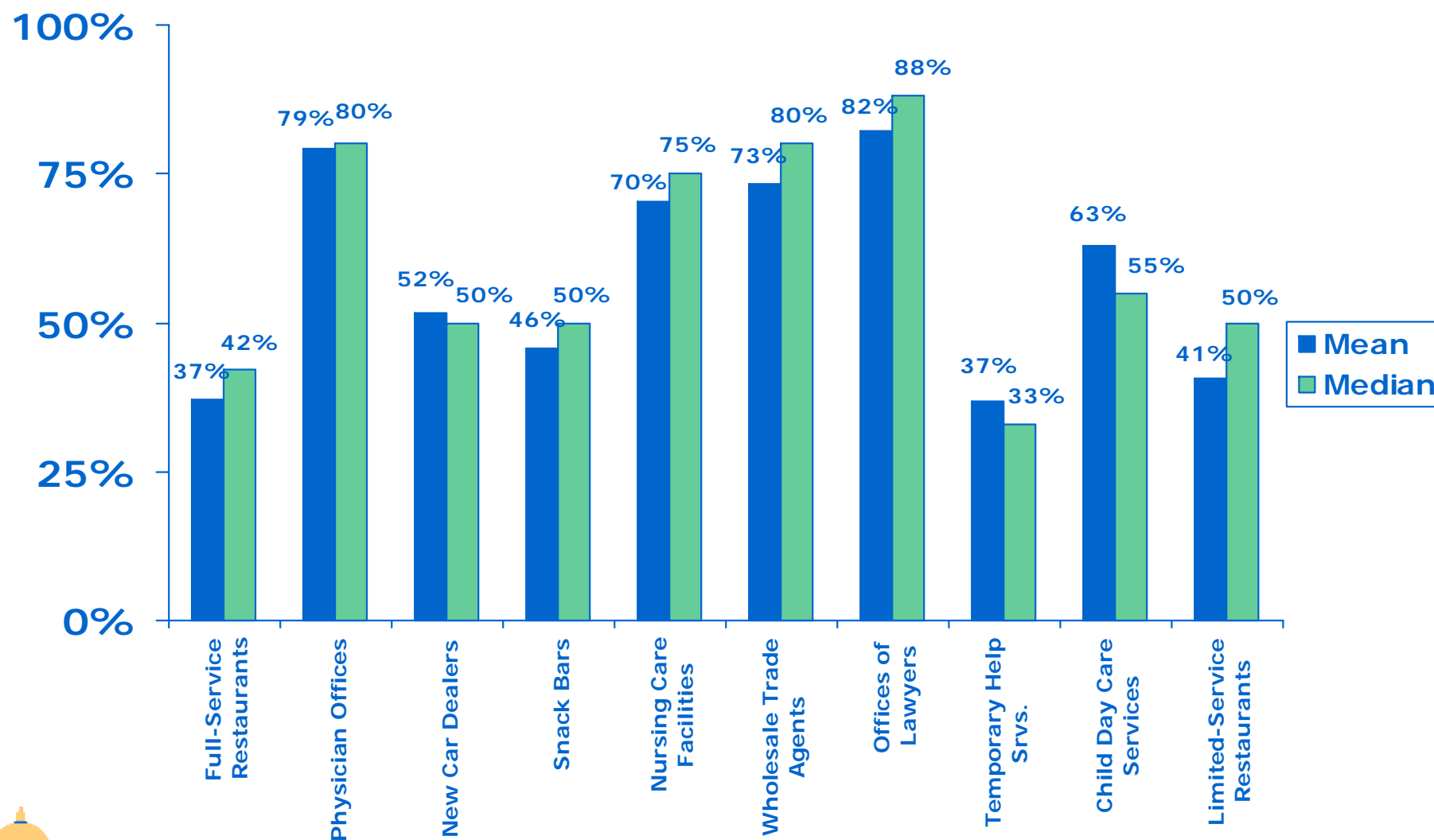
Mean and Median Take-Up Rates by Top Industries

(FSC Period October 1, 2006 - September 30, 2007)



Mean and Median Contribution Rates by Top Industries

(FSC Period October 1, 2006 - September 30, 2007)



Contact Information

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